

Citizens' Budget Approach

Activity	Workload or Output	Performance Measures	#FTE Budget	#FTE Actual	By Federal Mandate or City Charter	Total Cost
Example: Special Event Permit Processing	# permits issued annually	Avg. customer satisfaction score (XX%); Cycle time on permit issuance	2.5	2	No	\$250,400

California Department of Real Estate						
Activity	Output	Performance Measures Satisfaction Rating based upon industry/customer feedback; Cycle Time Reflects Current Processing Timeframes	Current Year Budgeted PYs	FY 02/03 Actual PYs	Mandate	Current Year Budgeted Costs (\$s in Thousands)
Subdivisions Public Reports Issued All Types	FY 02/03 4,938	Customer satisfaction = Medium Cycle Time - 2 to 3 Months	49.8	50.7	State Statute	\$4,550
Examinations/Licensing Examinations Scheduled Original Licenses Issued	FY 02/03 122,240 47,344	Customer satisfaction = Low-Medium Cycle Time - 5 to 6 Months	48.1	47.4	State Statute	\$4,743
Enforcement Regulatory Activities	FY 02/03 4,506	Customer satisfaction = Medium Cycle Time - 6 to 12 months	129.6	136.7	State Statute	\$13,698

The mission of the Department of Real Estate (DRE) is to protect the public in real estate transactions and provide related services to the real estate industry. The core functions of the Department are qualifying individuals for licensure, reviewing and approving subdivision offerings and regulating real estate licensees. Set forth below are some of the organizational values the DRE provides to protect the citizens of California and assist industry.

- Real Estate is considered by the industry as a profession rather than a vocation. The real estate license serves as a professional credential.
- Licensing and background investigations protect clients, consumers and employing brokers by assuring that individuals who are licensed and have access to a person's most personal and sensitive financial information as well as their homes and families have undergone a thorough background investigation.
- All 50 states issue real estate licenses; 24 states (including California) have laws governing in-state subdivided land sales; 32 states (including California) have an out-of-state qualification or registration requirement.
- The examination and license process establishes standard core competency levels that an individual must meet to serve as an agent in complex real estate transactions.
- The quality and currency of the examination content are assured by gathering and evaluating, on a regular basis, statistical exam question analyses for test reliability and content validity as well as by periodic independent third party evaluation of the examination specifications. This ensures that competency is based on current and valid standards of practice.
- DRE provides consumer protection and advice on multifaceted business transactions negotiated by real estate licensees. Real estate agents engage in a variety of activities including the sale of residential properties, investment properties, business opportunities as well as commercial and industrial properties. Real estate agents also engage in property management on behalf of the public, mortgage loan brokering, and the operation of broker escrow divisions.
- Audits of real estate businesses are performed on both a reactive and proactive basis. These audits serve as both a deterrent and an educational tool for those in the real estate business.

- DRE receives and investigates several thousand complaints annually from the public against real estate licensees for fraud, misrepresentation, conversion of trust funds and other alleged infractions. If violations of the Real Estate Law are proven, license disciplinary action is taken.
- From 1986-2002, the DRE Recovery Fund has paid out an annual average of \$1.8 million to reimburse "aggrieved" members of the public who have obtained a civil judgment, based on intentional fraud, deceit, misrepresentation or conversion of trust funds against a licensee and satisfied all other statutory requirements.
- DRE oversees the creation of new standard and common interest developments through the subdivision public report approval process. DRE maintains uniform minimum statewide standards for site suitability, financing or improvements and facilities, sales agreements, purchase money handling, the release of blanket encumbrances, and vital disclosures concerning the availability of fire protection, utilities, water supply and quality, vehicular access, latent natural hazards, reservations of mineral rights and easements, taxes and community association obligations and assessments.
- DRE's subdivision program assures that the intricate arrangements required for managing common interest developments, including association budgets and governing instruments, are established in a way which balances the needs of the developers with those of the purchasers and assures the long term viability of the homeowners association.
- DRE monitors the bonding requirements necessary to secure any subsidy arrangements or other funding obligations of the developer.
- Lenders and purchasers rely on the protections and assurances afforded by the DRE's subdivision qualification process with respect to the acquisition and approval of purchase money loans.
- DRE requires that timeshare offerings have recorded agreements in place to assure adequate facilities for the term of the timeshare project.
- DRE regulations govern management agreements for timeshares and require fidelity bonding so that if the agent or its employees mishandle assessment monies the owners and the homeowners association are protected.
- DRE requires that there be reasonable arrangements for the management and maintenance of timeshare projects. The rules for reserving occupancy must be fair,

cohesive and adequate to assure there is adequate space for the number of owners. Also there must be reasonable arrangements to ensure completion of onsite and offsite improvements.